

Message Text

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C O N F I D E N T I A L BUCHAREST 6251

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FOR ASSISTANT SECRETARY VEST

E.O. 11652: GDS
TAGS: EFIN, RO
SUBJECT: DEPUTY PRIME MINISTER NICULESCU'S REQUEST FOR
APPOINTMENT WITH SECRETARY BLUMENTHAL

REF: BUCHAREST 6217

DEPUTY PRIME MINISTER NICULESCU WILL HEAD ROMANIAN
DELEGATION TO IMF/IBRD ANNUAL MEETING. HE HAS
REQUESTED MEETING WITH SECRETARY. I STRONGLY URGE
THAT SECRETARY OF TREASURY BLUMENTHAL RECEIVE
NICULESCU IN COURSE OF DEPUTY PRIME MINISTER'S STAY
IN WASHINGTON, SEPTEMBER 24 THROUGH OCTOBER 1. REASONS
FOR THIS RECOMMENDATION ENCOMPASS IMPORTANT ASPECTS OF
OUR BILATERAL RELATIONS WITH ROMANIA AS WELL AS SOME
MULTILATERAL FACTORS.

A. GIVEN U.S. OBJECTIVE OF AMPLIFYING AND ENRICHING
ROMANIA'S SPHERE OF INDEPENDENT ACTION, ONE OF THE MOST
SIGNIFICANT LEVERS IS ROMANIA'S ATTACHMENT TO WESTERN
FINANCIAL CIRCLES THROUGH ITS MEMBERSHIP IN IMF AND
IBRD. NICULESCU IS ONE OF THE REAL OLD-TIMERS IN
ROMANIAN POLITICS, THE LAST ACTIVE MEMBER OF THE TEAM
OF "COMPANIONS" WHO CAME TO POWER WITH CEAUSESCU IN
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1965. BUT HE IS NEW TO THE FINANCIAL PORTFOLIO.
HAVING BEEN NAMED FINANCE MINISTER IN MARCH 1978,
HE WILL BE HEADING HIS GOVERNMENT'S DELEGATION FOR
FIRST TIME. HIS VIEW OF WORKINGS OF IMF/IBRD GROUP
WOULD BE MUCH ENHANCED BY AN OPPORTUNITY TO MEET
WITH CHIEF OF DELEGATION FROM COUNTRY WHICH IS PRE-
DOMINANT POWER IN THOSE AGENCIES.

B. U.S.-GOR RELATIONS HAVE BEEN GIVEN FRESH AND IMPORTANT IMPULSE BY MEETING OF PRESIDENTS IN APRIL DURING A STATE VISIT IN COURSE OF WHICH CEAUSESCU RECEIVED SECRETARY BLUMENTHAL. WE ARE ENDEAVORING, WITH SUCCESS SO FAR, TO PERPETUATE CLIMATE AS WELL AS DEMONSTRABLE PROGRESS MADE DURING AND IN WAKE OF THOSE DISCUSSIONS. THE PRESIDENTS AGREED IN THEIR APRIL 13, 1978, JOINT COMMUNIQUE ON IMPORTANCE OF CONTINUED HIGH-LEVEL VISITS AND EXCHANGES. A BLUMENTHAL-NICULESCU MEETING WOULD SUPPORT THAT UNDERTAKING.

C. NICULESCU HAS BEEN COOPERATIVE. HE HAS ALREADY GONE FURTHER THAN HIS PREDECESSORS TOWARD MEETING OUR POSITION ON ADEQUATE COMPENSATION FOR PRIVATE, REAL PROPERTY OF U.S. NATIONALS TAKEN BY GOR. NICULESCU, APPRECIATING LINK BETWEEN RESOLUTION OF THESE FEW CASES AND CONTINUATION OF GSP, HAS ESTABLISHED PROCEDURE UNDER WHICH REAL PROGRESS HAS ALREADY BEEN MADE TOWARD DEFINITIVE RESOLUTION OF THIS LONG-OUTSTANDING ISSUE.

D. NICULESCU MAY WELL REPEAT GOR'S DESIRE FOR CONCESSIONAL LOANS. IN FRAMEWORK OF GENERALLY IMPROVING RELATIONS, HOWEVER, WE BELIEVE GOR IS MORE THAN EVER OPEN TO POSSIBILITY OF INCREASED USAGE OF EXIMBANK AND CCC CREDITS. IN THIS CONNECTION, I AM URGING THAT NICULESCU OR HIS DEPUTY SEEK CONFIDENTIAL

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MEETINGS WITH EXIM AND AGRICULTURE.

E. I BELIEVE ROMANIA'S EXPERIENCE WITH IMF AND IBRD OVER LAST FOUR YEARS IS OF WIDER INTEREST AND IMPORTANCE. ROMANIA IS ONLY EAST EUROPEAN STATE WHICH HAS ATTEMPTED TO BRIDGE GAP BETWEEN WESTERN-DOMINATED, MULTILATERAL FINANCIAL AND DEVELOPMENT INSTITUTIONS AND NON-MARKET ECONOMIES. IT IS NOT UNLIKELY THAT OTHER EAST EUROPEAN GOVERNMENTS, SUCH AS THOSE OF HUNGARY AND POLAND, WILL WISH OR SEE THEMSELVES FORCED THROUGH CIRCUMSTANCE TO ATTEMPT TO BRIDGE THIS SAME GAP. IT WOULD BE USEFUL TO HAVE FULLEST APPRECIATION OF ROMANIAN EXPERIENCE IN THAT CONTEXT.

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